

Minutes of the Meeting of the College Savings Program Board

Held in the State Treasurer's Conference Room, Fifth Floor
1 South Pinckney Street
Madison, Wisconsin

August 17, 2004
1:30 p.m.

MEMBERS PRESENT: *Darling, Johnson, Reid, Wegenke*

MEMBERS PRESENT BY CONFERENCE PHONE: *Adamski, Clumpner, Oemichen, Plale, Voight, Wolff*

MEMBERS ABSENT: *Durcan*

OTHERS PRESENT: Marty *Olle* and Rich Janosik, EDVEST Program; Tom Preusker, BC Zeigler & North Track Funds; Jessica Tormey of Sen. Darling's office; and Susie Schooff of Sen. Plale's office.

I. Call to Order – The meeting was called to order at approximately 1:36 p.m. by Board Chair *Darling*.

II. Roll Call – See above.

III. Approval of Agenda – *Wegenke* moved and *Plale* seconded approval of the agenda as posted and distributed. Motion passed by voice vote without objection.

IV. Public Presentations – None.

V. Approval of Minutes – *Oemichen* moved and *Wegenke* seconded a motion to approve the minutes of the June 2, 2004 meeting of the Board. Motion passed on a voice vote without objection.

VI. Administrative Reports

C. Program Director Comments --- *Olle* mentioned that American Express has asked to postpone its presentation on marketing and other plans for tomorrow's scholar, pending further decision-making regarding Wells Fargo. He reported that \$100,189 has been spent on legal expenses to date, and the program has been reimbursed \$84,769 from Strong. In response to a board question, he stated that there is not much legal work going on at the moment, but there is likely to be additional legal work needed as we get closer to plans for distribution of the financial settlement. The only outstanding lawsuit still involving EdVest is inactive at the moment, and staff was directed to ask the board's attorney to provide a timeline on any further legal work that might be required.

Olle reported on fiscal year-end revenue and expenses for the program, and presented the operating budget for the 2005 fiscal year and commented on changes

in the budget projections. He also commented on the 2006-2007 biennial budget request that is due in September to the Joint Finance committee. Revenue projections for FY 2005, and 2006-2007 were also presented. These projections did not include any monies for legal expenses, pending the projections from Foley and Lardner. *Wolff* suggested building some into the budget projections.

B. State Treasurer Comments -- *Voight* suggested that there is still a lot of potential growth for the program and that the program continues to add new EdVest accounts, but it has tapered off for tomorrow's scholar.

A. Board Chair Comments -- *Darling* stated that business for today includes agenda Item VII A; consultant for investment performance monitoring, and that this is a very important item. An outside look is important to guide the Board's thinking going forward with the program. The second item on the agenda is a discussion of Strong's potential sale to Wells Fargo and its impact on the program, and this should be done in closed session, she felt.

VII. Old Business

A. Approval of Consultant for Investment Performance Monitoring-- *Janosik* reviewed the staff recommendation to the Board to select Evaluation Associates, Inc. as the independent investment advisor to the EdVest program. A discussion of the RFP process followed, including questions about the members of the independent review team and how they were chosen, firms that were not selected in the process, and how much of a factor the cost portion of the proposals was for the final score. *Olle* stated that cost represented 25% of the point scoring, and that EAI was the low bidder on a cost basis. *Janosik and Olle* discussed a question concerning being able to compare other state 529 programs to EdVest. Both reported that the expectation on the part of staff is that EAI will be able to perform well in this area, and that was recognized by the reviewers in the RFP review process.

Wegenke moved and *Reid* seconded a motion to approve the staff recommendation to engage Evaluation Associates, Inc. as the program's independent investment advisor. The motion passed unanimously on a voice vote with no objections.

Clumpner suggested a roll call vote and the Board agreed; the vote was 10-0; *Durcan* was not present to vote. Staff was asked the cost of the winning proposal; *Olle* stated it is \$75,000 annually plus travel and incidental expenses, and it was the low bid.

VIII. New Business

A. Update on Potential Sale of Strong to Wells Fargo -- *Darling* moved that the Board go into closed session under s. 19.85(1)(e), Wis. Stats. for deliberation of investment of public funds or other business where competitive reasons are an issue. Motion was seconded by *Wegenke*. Motioned passed 8-0, with *Darling, Voight, Wegenke, Johnson, Reid, Adamski, Clumpner and Wolff* voting in the affirmative. The Board entered into closed session discussion at 2:08 p.m. and members of public were excused. In closed session, the subject matter of agenda item VIII. A was discussed. The Board returned to open session at 2:57 p.m. after the conclusion of the discussion.

IX. Announcements — None

X. Adjournment -- *Darling* entertained a motion to adjourn the meeting. It passed by voice vote and the meeting adjourned at approximately 2:58 p.m.